



**Testimony
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Energy Committee
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The Connecticut Water Works Association (CWWA), a trade association of municipal, private and regional public water suppliers, has concerns with **SB-109, An Act Concerning Rates of Certain Municipal Water Systems**.

Although the bill, as drafted, is applicable to only two municipal water systems, we are concerned that it sets a difficult precedent by undermining the authority of the local ratemaking body.

There are currently 31 municipalities that operate their own water system. Under current law, the local legislative body sets the rates after a public hearing. The rates must be “just and equitable” and sufficient in each year for the operation, repair, replacement and maintenance of the system. Municipal water customers can and do make their concerns known at the public hearings, as well as directly with public officials. In addition, there are several special districts that have been established to provide water service and the rates are set by the district residents.

Overall, municipal water rates and water rates in general, remain fairly low. According to a survey conducted by Tighe & Bond, an engineering and environmental consulting firm, the typical 2011 annual water costs in Connecticut ranged from a low of \$155 per household to a high of \$729. The 2011 average was \$415 per household. This is less than \$35 per month to meet a household’s water supply needs.

Some municipalities do charge a higher rate for customers outside the city limits for a variety of reasons, including the higher capital and operational costs of serving customers that are more distant and/or in less densely populated areas beyond the core municipal water system. For example, higher costs due to the need for longer water lines that are necessary to serve those more remote customers, more pumps and increased energy costs per customer, more water tanks per customer, etc. In addition, differences in elevation and topography may result in higher costs.

Moreover, the host municipality often incurs bonded indebtedness and accompanying debt service payments in order to invest in infrastructure outside the city. The host municipality and its residents – not the customers outside the city limits - are responsible if the bonds are defaulted upon. As such, higher rates for customers outside the city limits have been found just and reasonable because the debt service and depreciation associated with infrastructure improvements outside the city should be allocated to the customers in those areas and not others.

The Connecticut Water Works Association, Inc. (CWWA) is an association of private, municipal and regional public water supply utilities serving about 2½ million people located throughout Connecticut.

